

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7195**

**BILL NUMBER:** HB 1396

**DATE PREPARED:** Jan 14, 2002

**BILL AMENDED:**

**SUBJECT:** Certified technology parks

**FISCAL ANALYST:** Bob Sigalow, Jim Landers

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**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill authorizes a redevelopment commission to establish a Certified Technology Park under certain conditions for the purpose of promoting high technology activities. The bill also authorizes a redevelopment commission to utilize tax increment financing to capture certain property tax proceeds within a Certified Technology Park. The bill provides that certain incremental income taxes and sales taxes attributable to a Certified Technology Park are to be distributed to the redevelopment commission for use in financing high technology activities within the Certified Technology Park.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** *Department of Commerce:* The bill requires the Indiana Department of Commerce (IDOC) to certify technology parks proposed by local redevelopment commissions. The IDOC should be able to meet these demands given its current budget and resources. The December 3, 2001, state manning table indicates that the IDOC has 18 vacant positions.

The bill permits a local unit to apply to the IDOC for certification of territory under the jurisdiction of its redevelopment commission as a certified technology park. The bill allows the IDOC to designate a certified technology park if it determines that the application demonstrates a firm commitment from at least one high technology business creating a significant number of jobs in the park and satisfies at least one of several additional criterion, including: (1) Demonstrating significant financial and other support from a higher education institution or private research institute; (2) demonstrating significant commitment from such institutions for commercialization of research produced in the park; (3) existence or proposed development of a business incubator in the park; (4) assurance that the primary use of the park will be for high technology activity or a business incubator. The bill provides that the local unit's legislative body and redevelopment commission may enter into an agreement with the IDOC establishing the terms and conditions governing the certified technology park. The bill also requires that the IDOC market a certified technology park, and permits the IDOC and a redevelopment commission to contract with each other or any third party for such

marketing services.

*Department of State Revenue:* The bill requires the Department of State Revenue (DOR) to determine the base gross retail and income tax base period amounts for a certified technology park. The base gross retail period amount is the aggregate amount of state gross retail and use taxes remitted by businesses operating in the area encompassed by the technology park during the full fiscal year preceding the establishment of the technology park. The income tax base period amount is the amount of income taxes (state Adjusted Gross Income Tax, and local option income taxes (CAGIT, COIT, and/or CEDIT)) paid by employees employed in the area encompassing the technology park for the fiscal year preceding establishment of the park. Every October, the DOR is required to calculate the incremental income and sales tax revenues for each technology park for the preceding state fiscal year.

*State Treasurer:* The bill requires the State Treasurer to establish an Incremental Tax Financing Fund for each certified technology park. Each year incremental income and sales tax revenue generated in a technology park must be deposited in its respective Fund up to \$5 M. Each month, money in a technology park's Incremental Tax Financing Fund is distributed to the redevelopment commission operating the park, for deposit in its Certified Technology Park fund.

**Explanation of State Revenues:** The bill also allows a local redevelopment commission operating a certified technology park to capture up to \$5 M annually in incremental revenue from the state income and sales taxes generated in the park (income tax revenue paid by employees working in the park and sales tax revenue paid by businesses in the park, in excess of the base amounts for each tax calculated before the establishment of the park).

**Explanation of Local Expenditures:** After entering into the technology park agreement with the IDOC, a redevelopment commission must submit to the Department of State Revenue (DOR) certified copies of the IDOC designation of the technology park and the technology park agreement entered into with IDOC, as well as a complete list of the employers in the park and information on streets in the park. The DOR is then required to calculate the base amounts for income and sales taxes generated in the technology park.

If a redevelopment commission designates a certified technology park as a TIF area, it must publish notice of this action and of the public hearing on the subject, and accept written remonstrances on this action. The bill also requires that the commission file information regarding the technology park with each taxing unit that levies property taxes in the park. If, after holding a public hearing, the redevelopment commission designates the TIF area, a person who submitted a written remonstrance may appeal the commission's decision to the circuit or superior court of the county.

**Explanation of Local Revenues:** The bill allows a local redevelopment commission to establish a certified technology park encompassing all or part of the territory under the commission's jurisdiction. The technology park must be certified by the Indiana Department of Commerce and must contain businesses undertaking high technology activities or a business incubator (for a more detailed discussion of certification and certification requirements see above under **Explanation of State Expenditures**). The bill allows a redevelopment commission operating a certified technology park to designate the park as a TIF district. This would allow the commission to capture incremental property tax revenue generated from taxable property in the park (revenue from assessed property valuation in excess of the base assessed value calculated before the establishment of the park). The bill also allows a redevelopment commission operating a technology park to capture up to \$5 M annually in incremental income and sales tax revenue generated in the park (income tax revenue paid by employees working in the park and sales tax revenue paid by businesses in the park, in

excess of the base amounts for each tax calculated before the establishment of the park). Incremental income tax revenue includes revenue from the state Adjusted Gross Income Tax and local option income taxes (CAGIT, COIT, and/or CEDIT).

The bill requires a redevelopment commission that establishes a technology park to also establish a Certified Technology Park Fund to receive incremental property, income, and sales tax revenues from the technology park. Money in the fund may be used for the development and operation of public facilities in the park (infrastructure, land, and other assets); costs incurred relating to debt instruments issued to finance the development of public facilities in the park; and payment of expenses incurred for public facilities in or serving the park. The bill prohibits any money in the Fund from being used to pay operating expenses of the redevelopment commission. The bill also authorizes a redevelopment commission to issue bonds with a maturity not exceeding 50 years for the purpose of providing public facilities for the certified technology park, or the cost of refunding or refinancing outstanding bonds.

The bill limits the combined amount of incremental income and sales tax revenue that a redevelopment commission can capture within a technology park to \$5 M annually. The bill does not specify a capture limit for incremental property tax revenue. However, if the redevelopment commission determines that incremental property tax revenue in a year will exceed the amount necessary to pay the costs of the technology park, the excess incremental tax revenue may be allocated to local units. The bill permits the redevelopment commission to pay a property tax replacement credit against the property tax in the tiffed property. This credit would reduce the amount of TIF proceeds received by the commission.

**State Agencies Affected:** Department of Commerce, Department of State Revenue, State Board of Accounts, Department of Local Government Finance, State Treasurer.

**Local Agencies Affected:** Local redevelopment commissions.

**Information Sources:**